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EXTRAORDINARY

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PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on 20th April, 2015:—

### BILL NO. 85 OF 2015

*A Bill to amend the Micro, Small and Medium Enterprises Development Act, 2006.*

BE it enacted by Parliament in the Sixty-sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Micro, Small and Medium Enterprises Development (Amendment) Act, 2015.

Short title and  
commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

27 of 2006.

2. In the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as the principal Act), in section 7,—

Amendment  
of section 7.

(a) in sub-section (1),—

(i) in clause (a),—

(A) in sub-clause (i), for the words “twenty-five lakh rupees”, the words “fifty lakh rupees” shall be substituted;

(B) for sub-clauses (ii) and (iii), the following sub-clauses shall be substituted, namely:—

“(ii) a small enterprise, where the investment in plant and machinery is more than fifty lakh rupees but does not exceed ten crore rupees;

(iii) a medium enterprise, where the investment in plant and machinery is more than ten crore rupees but does not exceed thirty crore rupees;”;

(ii) in clause (b),—

(A) in sub-clause (i), for the words “ten lakh rupees”, the words “twenty lakh rupees” shall be substituted;

(B) for sub-clauses (ii) and (iii), the following sub-clauses shall be substituted, namely:—

“(ii) a small enterprise, where the investment in equipment is more than twenty lakh rupees but does not exceed five crore rupees;

(iii) a medium enterprise, where the investment in equipment is more than five crore rupees but does not exceed fifteen crore rupees;”;

(b) after sub-section (I), the following sub-section shall be inserted, namely:—

“(IA) The Central Government may, by notification, vary the investment limits, which shall not exceed thrice the limits, specified in clauses (a) and (b) of sub-section (I) for the purposes of development of micro, small and medium enterprises.”;

(c) in sub-section (9),—

(i) for the words “criterion of investment”, the words “criterion of higher investment” shall be substituted;

(ii) for the words “as part of small enterprises”, the words “as part of small and medium enterprises” shall be substituted.

Amendment  
of section 29.

**3.** In the principal Act, in section 29, in sub-section (3), for the words and figure “under section 9”, the words, brackets, figures and letter “under sub-section (IA) of section 7, section 9” shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 was enacted to address policy issues affecting MSMEs as well as to classify the enterprises as micro, small or medium based on their investments in plant and machinery/equipments. The existing limits under the MSMED Act were fixed in 2006. Since then, there has been a significant increase in the price index and cost of inputs. There has also been a change in the business environment with many MSMEs becoming part of the domestic and Global Value Chains. Hence, it is proposed to amend the MSMED Act to enhance the existing limit for investment in plant and machinery considering changes in price index and cost of inputs consistent with the emerging role of the MSMEs in various Global Value Chains.

2. The MSMED Act, at present, states that the Central Government may, while classifying any class or classes of enterprises, vary, from time to time, the criterion of investment and also consider criteria or standards in respect of employment or turnover of the enterprises. These provisions enable Central Government to classify micro or tiny enterprises or the village enterprises as part of small enterprises. The current proposal is to enable Central Government to classify micro or tiny enterprises or the village enterprises not only as small enterprises but also as medium enterprises. This may also be based on criteria of higher investment and also on consideration of criteria or standard in respect of employment or turnover of the enterprises. It will open the doors of growth to MSMEs and will enable them to go to next level of value chain.

3. Since the MSMEs are defined in the Act, any variation could be done only by way of an amendment. Considering the inflation and dynamic market situation, there is a need to periodically revise the criterion of investment. Revising the investment limits by way of notification will facilitate timely action. Hence, it is proposed to amend the MSMED Act to empower Central Government to vary by way of a notification, the investment limits, which shall not exceed thrice the limits, specified in clauses (a) and (b) of sub-section (1) of section 7 for the purposes of development of micro, small and medium enterprises.

4. The Bill seeks to achieve the above objects.

NEW DELHI;  
*The 18th March, 2015.*

KALRAJ MISHRA

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (b) of clause 2 of the Bill seeks to insert sub-section (1A) in section 7 of the Micro, Small and Medium Enterprises Development Act, 2006, so as to empower the Central Government to vary the investment limits relating to the classification of micro, small and medium enterprises by way of notification.

2. The matters in respect of which rules may be made under the proposed legislature are matters of procedure or administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

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ANOOP MISHRA  
*Secretary General*